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WORLD GRAIN EXPORTS TO RED CHINA

BELGIUM—HOME OF THE COMMON MARKET

OUR GROWING FEED MARKET IN JAPAN

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Young American exchange student, right, helps Belgian farmer bind sheaf of flax, still an important crop in this EEC country. (See page 4)

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A Report on
WORLD GRAIN EXPORTS TO RED CHINA

Communist China has bought about 15 million tons of grain since 1960—mostly wheat—through extensive use of credit.

Although it is still too early to estimate total grain exports to Communist China in 1963, sales of wheat for delivery this year are already above those of the previous 2 years.

In 1962, grain exports to Communist China amounted to 4.7 million metric tons, a decline of about 900,000 tons from 1961 totals. The smaller volume of trade may be attributed to a slight improvement in 1962 domestic food production, and the necessity of seeking other sources of supply and credit to finance grain purchases.

Red China has purchased about 15 million tons of grain since 1960, largely from Canada and Australia.

Initially, the grain was sold to the Chinese Communists for cash, but in 1961, they sought and obtained credit terms for purchases from Australia and Canada. Most of the trade in 1962 was carried on under various credit arrangements, with more advantageous repayment schedules being granted by major exporting countries. Toward the close of 1962, more liberal credit terms were granted to provide longer periods of repayment. Australia eased the deferred payments over 12 months. Canada extended credit for 1 year compared with 9 months in earlier sales.

Expanded trade with France resulted from an agreement early in 1962 to supply 1 million tons of grain (wheat, barley, and corn) over a 3-year period. Credit under this agreement was for 12 months. Subsequent contracts for 1963 delivery carry provision for 18 month's credit.

It is expected that the pattern of credit purchases will extend into 1963. However, the level of such trade will depend upon satisfactory conditions of sale and upon the supply situation in exporting countries.

During 1961-63, wheat made up about 76 percent of the grains purchased by Communist China. Shipments have increased each year.

In 1961, wheat, flour, and barley were the main exports. Wheat increased slightly during 1962, while flour and particularly barley were significantly lower. Corn exports, due to trade with Argentina, Rhodesia, and South Africa, expanded ninefold and, well after wheat, led all other grains in 1962.

Grain sales to Communist China for delivery in 1963 already exceed 4.2 million tons. About 3.5 million tons are for shipment during the first half (January-June) of 1963. Most of these purchases are of wheat, the total being greater than exports in either 1961 or 1962. There have been only minor purchases of other grains with the exception of corn from South Africa.

Further sales of both wheat and other grains will depend to some extent upon crop outturns in exporting countries, and production estimates are not yet all available.

The Argentine corn crop will be larger, and another good crop is indicated for South Africa.

Early wheat prospects in France point to a substantial drop in production, with possibly less interest in further wheat sales. However, if a smaller wheat crop is offset by higher barley production, sales of this grain are possible. Argentina has a very limited supply of wheat for export, and sales to Communist China, if any, are expected to be small.

Australia and Canada will continue to be the main sources of grain for the China trade. The recent sale of wheat by Australia involved about 1.9 million tons. Canadian sales of wheat and particularly barley are smaller than at this time last year. However, if the remaining quantities specified in the existing long-term agreement are all shipped, Canadian exports to Red China in 1963 could exceed previous years.

GRAIN EXPORTS TO COMMUNIST CHINA IN 1961 AND 1962, AND SALES FOR EXPORT IN 1963

Country of origin	Wheat	Flour [1]	Corn	Oats	Barley	Total
	1,000 m. t.	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*
1961:						
Argentina	—	—	45	—	—	45
Australia	2,113	62	—	77	366	2,618
Burma	—	—	—	—	—	55
Cambodia	—	—	12	—	—	12
Canada	1,471	—	—	—	660	2,131
France	—	37	—	—	260	297
Germany, West	—	256	—	—	—	256
U.S.S.R.[3]	—	101	—	—	—	201
Total	3,584	456	57	77	1,286	[2] 5,615
1962:						
Argentina [4]	186	—	376	—	—	585
Australia	1,146	—	—	63	5	1,214
Canada	1,950	—	—	—	203	2,153
France	362	44	—	—	124	530
Germany, West	—	162	—	—	—	162
Rhodesia, South	—	—	58	—	—	58
South Africa	—	—	25	—	—	25
Total	3,644	206	459	63	332	4,727
1963: [5]						
Australia	1,900	—	—	—	—	1,900
Canada	930	—	—	—	25	955
France	1,100	40	—	—	100	1,240
South Africa	—	—	163	—	—	163
Total	3,930	40	163	—	125	4,258

[1] Wheat equivalent of flour. [2] Also 100,000 tons of rye. [3] Includes 55,000 tons of rice. [4] Also 23,000 tons of sorghum. [5] Sales for delivery during the calendar year, as of Mar. 15, 1963.

Belgium—Home of the Common Market

This highly industrialized country supplies two-thirds of its own foodstuffs, but is now feeling the impact of the EEC's farm policy.

By GEORGE W. COFFMAN
Regional Analysis Division
Economic Research Service

Belgium is a little country, smaller than the Netherlands and not much bigger than the State of Maryland, but all the great and powerful nations of the earth pay it double respect. For to the capital city of Brussels, each of the great nations sends not only an ambassador (to Belgium), but also a new species of economic diplomat who represents his country in dealings with the European Economic Community.

Brussels, in which the Common Market is headquartered, one day may be the capital of a unified Europe. Political as well as economic union was envisioned by the architects of the Community charter, the Treaty of Rome.

Belgium, the nerve center of the EEC, is itself a net importer of foodstuffs and raw materials. But it is highly industrialized and an exporter of manufactured and semimanufactured goods.

Trade with the United States is illustrative. In fiscal year 1962, Belgium and Luxembourg imported $130.3 million worth of food and fiber from the United States while sending it only $9.3 million in farm commodities. The balance sheet for nonagricultural trade with America told a different story, however: imports of $293.7 million as compared with exports of $389.5 million.

Economic unions

Belgium and tiny Luxembourg are so closely linked economically that they issue combined foreign trade statistics. Since 1921, they have been partners in the Belgium-Luxembourg Union (BLEU), which is a customs union free from internal tariff barriers. The two countries pool currency earnings, operate a single balance of payments, and maintain identical bank rates and similar credit policies.

Belgium and the Grand Duchy of Luxembourg are also associated with the Netherlands in the newer Benelux Custom Union which was elevated to the status of economic union in 1960. They negotiate joint trade agreements with nonmember countries. Labor and capital are to have free movement within the trio by November 1965. Presently, foreigners who comply with entrance requirements in one of the countries may move unhampered in all three.

In the past, Belgian agriculture has been subject to less government control and assistance than that of European countries in general, but in recent years the trend has been toward increased intervention. The common Benelux tariff has been moderate, but new EEC regulations could have a depressing effect upon feed grain imports. And feed grains are America's No. 1 farm export to Belgium-Luxembourg and to Holland—3.6 million metric tons in 1962.

Belgium protects itself against Dutch competition within Benelux by minimum price regulations on a number of farm products. This is an insulating device that will be eliminated as uniform agricultural regulations take hold within the EEC, of which all three small countries are members, along with France, West Germany, and Italy.

High yields, hard work

Although Belgian farming is of relatively little international importance, it manages on a mere 2.5 million arable acres to supply two-thirds or more of the foodstuffs needed by the nation's nearly 10 million inhabitants. This achievement can be credited, according to Roger Coustry, Agricultural Attaché in the Belgian Embassy in Washington, "to very high yields per acre, competent management, advanced technical know-how, and, above all, hard work."

Only about 9 percent of the Belgian population is fully engaged in agriculture, but their well-organized voting blocs are able to exert political pressure far out of proportion to their numbers. The Belgian Government, which operates as a coalition with a narrow majority, is sensitive to the demands of the farm organizations which claim more than 300,000 members. Several thousand farmers took part in demonstrations last year to express discontent with their economic plight.

Farmers want equality

Currently the farm groups are bringing influence to bear in behalf of several proposed changes which they hope will improve the economic position of the farmer with relation to other workers in Belgium. While technological improvement on the farm has given rise to increased production per acre, per animal, and per farm, a long-term downward trend in farm prices has resulted in individual farm incomes that are lower than nonagricultural incomes. In the 1950's, the prices paid by farmers for things they bought rose about 25 percent, while prices they received went down about 7 percent. Farm price controls have been fairly tight.

The principal demand of the farm organizations is for a parity law guaranteeing the farmer income equality with nonfarmers. Some $12 million has been set aside in the 1963 budget to finance this legislation.

Also proposed are increased allowances for social security and accident insurance, the costs of which are to be shared by the farmer and by land owners, agricultural processors, and wholesalers; improvement of butter and milk distribution through allotment of territories to specific dairies, thus eliminating overlap; a crackdown on a large-scale smuggling of lower-priced Dutch butter into Belgium; and passage of farm lease legislation giving tenants an option to buy when their landlords sell. Sixty-seven percent of Belgian farmers are lease holders.

Passage of these measures undoubtedly would ease pressure upon the government, but some doubts exist about their overall effect. The programs would be costly, and it is guessed that they probably would fall short of curing the basic economic ills of the Belgian farmer.

Structural reform sought

It is more certain that Belgium will continue in 1963 to stress improvements in agricultural efficiency through promotion of structural reform. This was a basic policy adopted in 1961. Designed to make Belgian agriculture more competitive in export markets, the policy includes:

- A 5-year program of land improvement and consolidation of fragmented tracts. The government pays 60 percent of the cost, land owners the rest. M. Coustry says that the average Belgian farmer cultivates six or seven different farm plots often located at some distance from one another.
- Expansion and strengthening of agricultural extension work, vocational training, and research.
- Establishment of an Agricultural Economics Institute for study of farm economic problems.
- A $2-million annual subsidy, called the Agricultural Investment Fund, and used to provide low-cost credit for financing improvements in agriculture.

The chief rationale for this 1961 policy of structural reform was anticipated competition, without protection, from other Common Market countries. Now, with intra-EEC barriers to trade gradually crumbling, the contest is at hand. Many products of the EEC competitors are lower-priced than Belgium's. And subsidies paid to Belgian exporters on such products as butter and pork will not be allowed when EEC regulations become effective.

Belgium is in the process of "harmonizing"—a favorite EEC word—its trade policy and regulations with the provisions of the Community's Common Agricultural Policy (CAP). Regulations were adopted July 30, 1962, for wheat, flour, feed grains, poultry meat, eggs, live hogs and pork carcasses (but not other pork products), wine, fruits, and vegetables. Added to the CAP regulation list on April 1, 1963, were cattle, beef and variety meats, and tallow. These products are protected from third country (nonmember) price competition by a variable levy system. Belgium has removed most of its national quota restrictions on CAP-regulated products and has applied Community equalization levies.

The Six are moving in the direction of a common duty level, which is to be reached by 1970. Tariffs between member countries will be abolished and common price levels gradually attained not later than the same deadline at the close of 1969.

Transition is gradual

As Belgium embraces additional Community policies, it is moving away from national support and control programs on which its farmers have depended in the past. Consequently this is a difficult and trying period. Direct subsidies are being continued this year to enable Belgian farmers to complete certain cooperative projects such as pasture improvement, field tests for grain production, and other activities which involve the application of technology to farming.

The EEC granted Belgium permission to continue flour-mixing regulations through 1962. The national regulations required 70 percent of domestic wheat in the flour blend. Millers are continuing to receive a refund of the levy on imported wheat, but only up to 30 percent of the mix, in order mainly to reduce the cost of bread to consumers, but also to encourage the use of more domestic wheat by the flour industry.

Belgium sets target prices (desired wholesale prices) on wheat, feed grains, milk, pork, eggs, and butter. Wheat and feed grain target prices specified under the CAP in 1962 are protected from lower-priced imports by an equalization levy. The government is supporting prices at a level which is 7 percent below the target prices for grains. Both target and intervention (support) prices, which are presently set by the national government, will be established by the EEC at the end of the transitional period. Domestic pork prices are protected by the CAP variable levy in effect on live hogs and pork carcasses.

Production subsidies are paid on powdered whole milk, cheese, and evaporated milk. Subsidies are used also to promote the distribution of fluid milk in the schools.

Butter causes a deficit

In 1960 and 1961, the tax-supported Agricultural Fund dipped into red ink because of frequent calls upon it for subsidization of butter exports. Consequently, there were not sufficient reserves from which to compensate feed grain

(Continued on page 10)

Dehydrated Alfalfa: Promising New U.S. Export

By E. A. MENGERING
Farm Bureau Cooperative Association, Inc.

U.S. exports of dehydrated alfalfa —called dehy—to Common Market countries jumped to significant quantities for the first time in 1962, largely because of bad crop conditions in Western Europe. Indications are, however, that due to the expansion of the livestock industry in all these countries—coupled with the reputation for high quality of U.S. dehydrated—these exports might well double in 1963.

The EEC imported about 75,000 tons of U.S. dehy in 1962, with almost 60,000 tons of this going to the Netherlands, biggest producer of mixed feed among the Common Market countries. The major export of U.S. alfalfa to the Netherlands did not start until June 1962. Shipments have gone on all this winter, and at least 3 major shippers are actively booking tonnage for May through November 1963.

Even in normal crop years, there is a growing potential for U.S. dehydrated alfalfa in Western Europe. The production of formula feed may well double in all these countries, with the exception of the Netherlands where the industry is already well advanced. The greatest increase will come in broiler and layer feeds, in each of which alfalfa has a prominent place.

Wide use in Europe

Dehydrated alfalfa and grasses are used to supply vitamin A, protein, and xanthophyll for livestock and poultry feeds and its values are as fully recognized by nutritionists in Europe as they are in the United States. The widespread popularity in Europe of deeply pigmented broilers and dark yolked eggs makes the use of dehydrated alfalfa almost mandatory. However, actual use has not reached maximum levels because of an inadequate supply of the highest quality product.

It is estimated that EEC production of livestock feed was 13.7 million tons in 1961, with dehy production available to the feed industry at 235,000 tons.

However, if 5 percent dehy had been used in all broiler and layer feeds, and 2½ percent in swine feeds, there would have been a potential use of dehy in 1961 of 395,552 tons —160,552 tons short.

By and large, it is doubtful whether the growing demand for alfalfa will result in the diversion of more acres to alfalfa production in Europe. French dehydrators, however, estimate their production could increase from 90,000 to 120,000 tons. But, if France's livestock production keeps pace with that of the rest of the EEC, land might well be diverted to other than alfalfa production.

Competitive suppliers

There are, of course, other sources of supply. England imports some alfalfa from South Africa. Italy gets some from Israel and North Africa, and Germany some from Denmark. A potential source is South America.

At the present time, the Common Market levies no tariffs on the import of alfalfa, though should imports jump, duties may be considered.

Another factor to be considered is that the present demand for 17 percent protein alfalfa may change. When European poultry production rises to the point where costs become more critical, producers may demand that dehy provide 20 percent protein and less fiber to achieve a more efficient rate of feed conversion.

Too, the development of cheap synthetics to replace the pigmenting factors and Vitamin A in alfalfa could lower the demand for alfalfa. English poultry producers claim they use dehydrated grasses and alfalfa primarily for the xanthophyll, or pigmenting element. They believe synthetics provide Vitamin A more cheaply. At the present time, there is no synthetic pigmenting agent which can replace the xanthophyll of alfalfa, but of course such a product could come on the market.

Potential for sale of U.S. dehy to EEC countries differs in each.

The formula feed industry in Italy is small compared to other EEC countries, though it has grown considerably since 1951 when only 100,000 tons of formula feeds were produced. Half the 1961 production of over 900,000 metric tons was poultry feed. Considering that Italy imported about $35 million of eggs in 1962 and that poultry is still too expensive for most of its people, the potential for growth is great. Formula feed production should increase 70,000 tons each year.

Since supplies are limited now, imports will continue at a reasonably high rate until next month when new crops become available. In normal years Italy has had an adequate supply of dehy but imports should increase each year as the feed industry increases output.

The feed industry in the Netherlands is vigorous and aggressive, both from a technical and sales standpoint. However, domestic dehy is often of poor quality and variable. It is not pelleted and must be bought in bags.

Dependable dehy needed

Netherlands imports could possibly increase by an estimated 25,000 tons if high quality supplies of dehy were available and feed manufacturers could use them at desired levels even during the winter months.

For the time being there is no market for U.S. dehy in France, although one might develop as its production and use of meat and eggs grow.

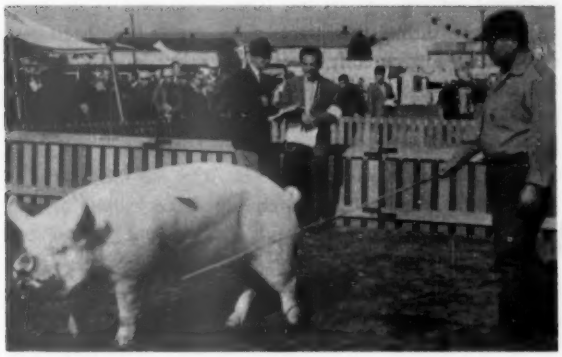
The potential for exports to Germany is quite substantial. The current estimate of need is 114,000 tons and production is now about 40,000 tons. About half of this is grass and is returned to the farm and is not available to the feed industry.

As the German feed industry and the German feeders are relieved of restrictive control regulations and laws, both industries will prosper and the import of U.S. dehy as well as feed grains will increase accordingly.

Our Growing Feed Market in Japan

A farmer shows a prize boar. Hogs are fastest growing part of Japan's livestock industry. Below, one of many large poultry laying farms.

At a county livestock show, farmers visit the display booth of a leading feed company to learn about use of new feeds.



By DONALD J. NOVOTNY, *Assistant*
U.S. Agricultural Attaché, Tokyo

One of the most promising export markets for American farmers is Japan's livestock feed industry. It has already become one of the largest buyers of U.S. corn and milo, and the prospects for steady growth are very good. During calendar 1962, Japan imported about 2.3 million metric tons of corn and 400,000 tons of milo, almost entirely for feed use. About 1 million tons of the corn and virtually all of the milo came from the United States.

The development of this market has been quite rapid. In 1958, total corn imports were less than 700,000 tons and no milo was imported at all. During the subsequent 4 years, the combined volume of corn and milo imports increased fourfold. Meanwhile, imports of wheat bran, alfalfa meal, and lesser feedstuffs have also zoomed.

A major factor behind the recent sudden growth of feedstuff imports has been Japan's domestic feed situation and the development of its mixed feed industry.

With a limited supply of arable land, Japan has cropping patterns which emphasize production of foods, most of them much more profitable to raise than animal feeds. Farmers' returns from fruit and vegetable crops have been very good in recent years, and rice and wheat can be produced and sold in unlimited quantity to the government's Food Agency at prices of about $6.60 and $3.12 per bushel, respectively. Obviously, with imported corn freely available at $1.40 to $1.50 per bushel, farmers have had little incentive to increase their feed output. Instead, most livestock producers have been content to rely on imported feed supplies, purchased primarily in the form of complete feeds prepared at dockside feed factories.

New livestock enterprises, particularly in relatively remote areas of Japan, have provided an opportunity to make fuller use of offgrade food grains, and other miscellaneous wastes. But, essentially, the expansion of the livestock industry has brought about no significant amount of feed production, other than forage crops. On the contrary, production of barley, miscellaneous grains, and potatoes, all of which are used in part for feed, has declined.

The demand for livestock products is increasing, even though total intake still remains low by comparison with other high-income consumer groups of other countries. Per capita meat intake rose from 15 grams per day in 1957 to 21 grams in 1961, while egg intake climbed from 12.8 grams to 22.6 grams. Although it may for some reason

diminish slightly, a sharp uptrend in the consumption of such products is expected to continue, giving further impetus to the livestock industry.

At present, any further expansion of Japan's livestock industry requires virtually a corresponding increase in imported feed supplies. By all indications, this relationship is expected to continue for at least the next 5 to 10 years. It is quite reasonable to expect continued sharp growth of Japan's corn and milo import requirements during the next few years, probably at a combined rate of between 400,000 and 600,000 tons per year.

Now, what about the U.S. share of this market? Until 1960, U.S. farmers had been getting a diminishing share of the total. Having spotted Japan's growing import demand for feeds, nearby Asian countries seized upon this new opportunity to balance their lopsided trade accounts with Japan. Some, notably Thailand, greatly expanded their production of corn with a specific view toward the Japanese market. As a result, by 1960, although Japan's corn imports had risen to more than 1.2 million tons, imports from the United States were only about 185,000 tons.

Since 1960, however, Japan's requirement has far outdistanced the production increases of nearby sources, and Japan's feed mills once again look primarily to the world's large suppliers—notably the United States, South Africa, and Argentina. For example, between 1960 and 1962, combined corn and milo imports rose by 1.3 million tons, while imports from the United States alone rose 1.2 million.

It seems doubtful whether the nearby Asian areas can provide serious competition in the future, although concerted efforts to expand production may well provide a gradually increasing supply source for Japan. Other lesser suppliers may also enter the market, not necessarily due to natural supply advantages, but due to Japan's efforts to expand export markets for its manufactured products. As one example, Rumania is currently supplying a substantial quantity of corn to Japan under a barter arrangement involving the sale of Japanese fishing vessels.

Perhaps at least two-thirds of Japan's new feed requirements, however, will have to be met by Argentina, South Africa, and the United States. The respective shares of the new requirements supplied by each of these sources will depend primarily upon the year-to-year global competitive situation. During the past 2 years, imports from South Africa have increased, but were offset by somewhat reduced supplies from Argentina. In anticipation of greater competition and perhaps reduced marketings in Europe, South African corn export interests are now looking with increased interest toward the Japanese market.

However, during this period, U.S. prices have been very competitive and virtually the entire amount of new demand was filled by U.S. corn. With continued competitive prices, both U.S. corn and milo should enjoy a steadily expanding volume of sales here.

Farm Output and Trade Up in Western Hemisphere

In most countries of the Western Hemisphere, 1962 was a good year for agricultural trade. The United States, Canada, and Latin America in general all registered gains in the value of both exports and imports. A gain is expected too during 1962-63 in the Hemisphere's total agricultural output, which includes both last fall's crops and those to be harvested this spring. But not all countries or commodities will share in the increase.

For the Hemisphere's exports, 1962 brought increases in coarse grains, rice, bananas, edible oilseeds, coffee, meat, poultry, and wool; little change in tobacco; and decreases in wheat, sugar, cotton, and cocoa beans.

Nearly a fifth of total U.S. agricultural exports, or a record $1 billion, went to other Western Hemisphere countries in the year ending June 30, 1962. This $1 billion was divided about evenly between Canada and Latin America. More than half consisted of grains, fruits, and vegetables and of their preparations.

The United States bought more farm commodities from the Hemisphere than it sold there, even though its purchases continued the slight downward trend of recent years. They added up to $1.8 billion, or almost half of total U.S. agricultural imports. Of this, coffee, sugar, live animals, and meat and meat products accounted for almost three-fourths; coffee alone, for over a third. Nearly all these imports came from Latin America.

In 1962, generally good weather raised Canada's farm output nearly a third above that of the drought year 1961, which had interrupted an upward trend. With total U.S. production relatively stable for the third year in a row and total Latin American production expected to decline only slightly from the high level of 1961-62, the Canadian increase means an increase for the Hemisphere as a whole in 1962-63.

Within Latin America, the situation varies. In South America, food production has been rising, but not as rapidly as production of nonfood crops or as population; Argentina, Brazil, and Peru are continuing to recover from drought. In Central America, a steady upward trend is being maintained. In the Caribbean, downward swings in Haiti and Cuba are partly offset by good prospects in most other countries. In Mexico, water shortages are slowing the rate of production increase.

Over the longer run, the Hemisphere's agricultural outlook is favorable. In Canada and the United States, farm production is expected to continue at high levels. In Latin America, it will resume the upward trend of recent years as the pace of economic development quickens. Improved economic conditions and levels of living, together with greater stability in world market prices, should lead to further increases in agricultural trade.

(For details, see *The 1963 World Agricultural Situation; Western Hemisphere Supplement, No. 1,* recently published by USDA's Economic Research Service.)

DANISH POULTRY —and the Vital West German Market

By HAROLD L. KOELLER
U.S. Agricultural Attaché, Copenhagen

Adoption of the European Economic Community's variable import levy last July had immediate impact on Danish poultry exports. Shipments, mostly broilers and fryers, fell off sharply, but recovered in October. Exports then held fairly steady through March at about 9 million pounds a month, only to fall to an estimated 5.5 million pounds in April.

Sales to West Germany, Denmark's principal poultry market, dropped even more sharply and have not returned to the earlier rate of 8.2 million pounds monthly.

Just before the EEC levy system began, Danish poultry exports jumped to 13 million pounds as German importers bought U.S., Dutch, and Danish frozen poultry.

When exports tumbled in August, stocks of frozen birds reportedly increased from the normal 6 or 7 million pounds to about 25 million pounds toward the end of the year, including stocks held abroad.

Danish exporters made strenuous efforts to find new markets. They were able to increase sales to Switzerland, and also sold some broilers in Great Britain when that country had a temporary shortage. Austria and the Near and Far East took some second grade birds at low prices.

These efforts and a 20 percent reduction in production led to a decrease in stocks, which are not believed to exceed 16 million pounds at the present time. However, with exports down in April, stocks may build up again.

Gate price guarantee

When the Commission of the EEC decided last November in Brussels to levy a supplemental fee on all poultry imported from outside countries equal to 2.8 cents per pound, Denmark negotiated an arrangement with the Commission to guarantee sales at the gate, or minimum import price of 33.3 cents per pound of frozen, eviscerated poultry, c.i.f. German border, instead of paying the supplementary levy. But Danish poultry, like that from the United States, was still subject to the variable import levy which takes into account differences in feed costs and efficiency between the importing and exporting countries and includes some other taxes and fees.

Private Danish exporters were opposed to the gate price guarantee from the first, as they thought it restricted their price competitiveness. The Danish Government decided to enforce the guarantee by levying an export fee which was the calculated difference between the Danish price for birds delivered to the German border and the gate price, adjusted weekly. They selected this method instead of trying to collect the difference between the invoiced price and the gate price on each sale, since the EEC Commission had tried this without success. Another alternative—to use a centralized export agency—would have meant a government monopoly over exports.

No export fee on top grade

Export fees were announced only for second-grade chickens as it was stated that first-grade birds were selling at least as high as the gate price. Even if Danish exporters had been inclined to reduce prices to make sales, they could see no profit in cutting prices on first-grade birds if its only effect would be an export fee levied on any future sales. Of course, since payment of the export fee on second-grade birds would make their price to EEC countries equal to the price of first-grade birds, no second-grade poultry was sold there.

On the other hand, Danish exporters complained that U.S. poultry was selling in Germany at a lower price than Danish poultry even after U.S. payment of the supplemental levy from which Danish poultry was exempt. They insisted this was possible because the Danes were required to sell at the EEC gate price.

Finally, the Danish export trade, farm organizations, and Ministry of Agriculture agreed that the Danish gate price guarantee was detrimental to poultry sales to Germany and also difficult to enforce. The Danish Government agreed with the EEC Commission that the Danish guarantee be dropped and that Danish poultry be made subject to the supplemental import fee.

Since March 18, Danish poultry pays the same levies as U.S. poultry entering Western Germany or other Common Market countries.

Although Danish exporters now are free to compete on an equal basis with other third-country exporters on the German market, they are finding it difficult to sell their broilers there at present Danish prices which are just

slightly below the EEC gate price after payment of the supplemental import fee.

Based on the gate price for frozen, eviscerated broilers, cooperative poultry slaughterhouses had been paying farmers about 19 cents a pound for broilers and fryers, New York-dressed basis. In addition, farmers receive the equivalent of one cent a pound from a special fee or tax on poultry sold in the Danish market. Privately-owned processing plants have been paying about 16.5 cents a pound, live basis, which works out about the same for the farmer after he receives the domestic market fee payment.

Broiler flocks down

It is claimed that most broiler producers are either just breaking even or losing money at present prices. The number of birds processed weekly in the whole country reportedly has dropped over 20 percent since October, which indicates a corresponding reduction in broiler flocks.

However, established operators on Zealand, largest of Denmark's islands and the one on which Copenhagen is situated, have continued their operations and show no inclination to go out of business. It must be assumed they are more efficient than less-experienced producers and have been able to adjust to lower prices.

Much of their output is sold on the domestic market because of their proximity to Copenhagen, a metropolitan area of 1.5 million. Since the price for birds on the domestic market is slightly above the export price when the latter is low, this gives Zealand operators some advantage over Danish producers more completely dependent on the export market.

Danish broiler producers should be able to continue producing at a somewhat reduced level of around 150 million pounds (New York-dressed weight) for the next year or two.

The future of the Danish broiler industry depends on maintaining a reasonable level of sales to West Germany and on developing other export markets, since domestic consumption takes only slightly over 20 percent of current output.

Now that German stocks built up in July 1962 have been moved into consumption, that market is expected to absorb nearly as much foreign poultry as before, unless higher retail prices reduce consumption.

The 1½-to-2-pound weight of processed Danish poultry gives it an advantage in the German market since small birds are preferred over larger birds. U.S. ready-to-cook broilers nearly all weigh over 2 pounds.

Another advantage is the proximity of the Danish processing plants to the German markets. If a German importer wants a truckload of broilers on short notice, he can have delivery to Germany by truck the next day.

However, unless Denmark makes some bilateral arrangement with West Germany, access for its poultry will be no easier than for U.S. poultry. To continue to export, Danish poultry producers must compete with U.S. poultry in non-EEC markets—and, like U.S. producers, compete with Common Market producers in the Netherlands, Germany, and France after payment of the high EEC import levies.

All third-country poultry exporters will benefit somewhat should EEC's Council of Ministers accept on May 21 the proposal of the Common Market Commission that the minimum import price level for poultry be reduced moderately.

Higher feed costs

Danish growers believe they can produce broilers as efficiently as anyone else, but say their feed costs are higher than those in the United States. They have asked the Danish Government to rebate the import fee charged on imported feed grains (as a domestic price support measure) so their feed prices would be at the world market level. Of course, their corn and grain sorghums would still cost slightly more than they do in the United States, source of about one-half of imported feed grains, due to ocean transportation.

Some Danish poultry leaders feel that unless EEC protective measures for poultry are reduced substantially from the present level, the EEC's poultry output will be so stimulated that the Common Market will become self-sufficient in poultry production within a few years. No market would then remain for Denmark, the United States, or other outside suppliers. If this should occur, they feel Danish broiler production would of necessity be reduced by about 50 percent from the 1962 level.

On the other hand, if Denmark should join the Common Market within a few years or make some arrangement for selling its agricultural products there on conditions roughly equal to those enjoyed by member countries, Danish poultry producers believe they could compete successfully with Dutch and other producers within the Common Market.

Home of the Common Market

(Continued from page 5)

and sugar beet farmers who suffered losses in the severe winter of 1961-62.

The large-scale growers from the south complained that they were abused and small dairy farmers in the north favored. The latter, in their turn, protested higher retail prices which had failed to lift farm income levels. They objected also to high support prices for feed grains as an increased cost of production to themselves. The government was unable, because of the Fund deficit, to keep its pledge to reimburse livestock producers for a part of the cost of feed grains. The target price for feed grains in 80 percent of the target price for wheat under the CAP. It was this entanglement of economic goals and missed goals that precipitated the demonstrations in 1962.

For 1963, Belgian farm trade regulations are expected to continue little changed save for adjustments to CAP regulations. Total agricultural production is expected to increase slightly, with the greatest increase in livestock products.

Total exports from Belgium-Luxembourg, industrial as well as agricultural, rose 8.5 percent to $4.3 billion in 1962, and are expected to climb again this year but at a slower rate. The Ministry of Economic Affairs estimates that exports and imports each will rise 5.5 percent in 1963.

Barter Export Program Umbrellas CCC's Cotton

In an effort to stimulate cotton exports during the remaining 3 months of the current crop year, the USDA recently made cotton owned by the CCC (Commodity Credit Corp.) available for export under the U.S. barter program.

The cotton barter program features two key revisions over the previous one that terminated July 1961: (1) Exporters may substitute cotton from private stocks for cotton purchased from the CCC under the barter announcement, as long as the total value of the cotton exported is equal to that of cotton purchased. (2) Also, instead of reducing the selling price to exporters to cover the difference in domestic and world cotton prices, the CCC will issue payment-in-kind certificates.

Under the barter program, the USDA trades stocks of agricultural commodities for overseas goods and services needed by U.S. agencies, or for strategic materials to be stockpiled. The program is carried on primarily through Title III of Public Law 480, Title II of P.L. 540, and the CCC Charter Act of 1948, as amended.

Canadian Cotton Consumption Eases

Canadian cotton consumption in March 1963, based on the number of bales opened by mills, amounted to 33,000 bales of 500 pounds gross. This compares with 31,000 bales used the preceding month and 37,000 during March of 1962.

Consumption during the first 8 months (August-March) of the current season amounted to 262,000 bales. This is slightly below the 274,000 bales used in the same period of 1961-62, but well above average consumption of 246,000 bales in the first 8 months of the past 5 seasons.

U.S. Wheat, Flour Exports Below Last Year's

U.S. wheat and flour exports from July 1962 through February 1963 totaled 357 million bushels—115 million less than last season.

Wheat exports at 297 million bushels were down 26 percent, and flour exports at 59 million bushels were off about 14 percent.

(See detailed story and table in the April issue of *World Agricultural Production and Trade Statistical Report.*)

Pakistan Buys Burmese Rice

Under a long-term agreement, Pakistan recently bought 250,000 long tons of milled rice from Burma. Of this total, 70 percent is full-boiled rice at $96.90 per ton, f.o.b. Rangoon and 30 percent is Ngasein quality at $95.22, f.o.b. Rangoon.

The original purchase agreement for 225,000 long tons, with shipments to be completed by September 30, 1963, was subsequently increased. At the request of the Pakistani Government, Burma agreed to sell an additional 25,000 tons. Shipments, therefore, will probably extend to October 31, 1963. All the rice is for East Pakistan.

Burma Sells Rice to Israel and Poland

Burma has agreed to sell specified quantities of rice to Israel and Poland.

On April 9 an agreement was made with Israel for the sale of 7,000 long tons of Ematu rice, priced at $96.90 per ton during the current fiscal year (October-September). In the preceding year, Israel bought 6,000 tons from Burma.

On April 10, Burma signed an agreement with Poland to sell 7,000 long tons of Ngasein, 15 percent broken rice —an addition to the 10,000 tons of Ngasein, 15 percent broken rice sold in December 1962, at $121.83. Previously in 1962, Poland had purchased only 6,000 tons.

U.S. Exporting More Feed Grain Than Last Year

U.S. feed grain exports for July 1962-February 1963 were 14 percent above the 8.2 million metric tons exported a year earlier.

Corn was the principal feed grain exported. Oats and sorghum, however, showed the largest increase over the same period for the preceding year.

(See detailed story and table in the April issue of *World Agricultural Production and Trade Statistical Report.*)

More Bulk Tallow From New Zealand

New Zealand firms are exporting more tallow in bulk tanks and less in drums.

Several slaughter plants in Canterbury are installing the necessary equipment for tank shipments. Three plants in the area have exported trial lots in large tanks; one firm at Christchurch has installed a 250-ton storage tank; and a South Island slaughterer is awaiting a report on the condition of a trial shipment before erection of a 100-ton storage tank. The New Zealand railway is buying special tank cars needed to transport tallow while New Zealand slaughterers are lining up tank trucks to haul tallow by road.

Most slaughter firms believe that the trend is toward bulk shipments, which at present prices will save about 35 cents per 100 pounds in overseas transport costs. However, it will be necessary to continue shipments in 54-gallon drums since some buyers, especially certain Asian countries, do not have facilities to handle bulk tanks and prefer to have drums so that they can use the metal.

New Zealand is the third largest tallow and grease exporter in the world, with exports each year of 115 million to 140 million pounds. Its largest export markets are the United Kingdom, Red China, India, Japan, Republic of South Africa, and Burma. New Zealand exports compete with exports from the United States in some markets.

U.K. Lard Imports Decrease in Early 1963

Imports of lard into the United Kingdom in the first 2 months of 1963 totaled 47 million pounds, down one-third from the 71 million pounds purchased in the same period in 1962. February imports totaled 18.5 million pounds compared with 28.5 in January.

The sharp drop was largely the result of a decrease in purchases of U.S. lard, which were down 45 percent from those of the previous year. This decrease was probably due to the inaccessibility of the U.S. market during the dock strike rather than to any change in demand in the U.K. market. March import statistics, while unavailable at present, are expected to show a considerable improvement from earlier figures.

The U.S. share of the market for the 2-month period was 67 percent compared with 80 percent in the same period last year.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN

Country of origin	Jan.-Feb. 1962		Jan.-Feb. 1963	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	56,523	80.1	31,452	66.9
Belgium	2,661	3.8	4,337	9.2
Denmark	2,551	3.6	3,508	7.5
France	3,457	4.9	2,752	5.9
Germany, West	—	—	1,784	3.8
Poland	3,772	5.3	1,256	2.7
Sweden	476	.7	937	2.0
Netherlands	918	1.3	918	1.9
Others	208	.3	57	.1
Total	70,566	100.0	47,001	100.0

Henry A. Lane & Co., Ltd.

Australian Meat Exporters Set Up Council

Melbourne, Australia, is the official headquarters of a new organization, the Australian Meat Exporters Federal Council. Formation of the council followed protracted consultations between all State organizations representing the meat export industry. Almost all export meat brokers and companies operating commercial slaughterhouses and processing plants are council members.

In his opening address, the chairman said that the meat industry will be able to present a national picture of processing, market development, packaging, and promotion to the Commonwealth authorities instead of a State-by-State problem appraisal.

The council intends to work closely with existing export and meat authorities and the Australian Meat Board in Sydney, Australia.

Slaughterhouse Planned in Peru

The Peruvian Ministry of Agriculture is planning the construction of a large slaughter plant in the Department of Piura. The plant will have capacity for handling hundreds of cattle and other livestock, and the government hopes that its construction will foster the development of subsidiary industries. Details are being formulated by SIPA (the Agrarian Promotion and Investigation Service).

Mexico Feeding More Cattle

Encouragement by the Mexican Government has resulted in increased interest in cattle feeding and a greater number of feedlots operating in the Mexican States of Baja California, Sonora, Chihuahua, and Coahuila. There are now 9 feedlots operating in these States, each with a capacity of from 4,000 to 5,000 cattle. Plans are underway for the establishment of 4 or 5 additional yards.

In March 1962 the government reduced export taxes by 50 percent for steers that had been on feed for at least 2 months prior to shipment. Feedlots qualifying for the reduction in taxes have to be located within 125 miles of the U.S. border. The cattle have to be raised in Sonora, Chihuahua, Coahuila, Nuevo Leon, Tamaulipas, and in Durango.

The chief limiting factor in the expansion of feeding has been high prices of feeds, especially corn and sorghum. The Ministry of Agriculture has recently announced that the Institute for Livestock Research is conducting experiments on livestock feeding so as to recommend rations for different weights of cattle and different feeding programs. Technical assistance will continue to be made available to cattle feeders. Consideration is being given to increasing the availability of grain for feeding.

U.S. Will Import More Mexican Strawberries

Preliminary information indicates that U.S. imports of both fresh and frozen strawberries from Mexico will be ahead of those in calendar 1962. The increases are largely the result of larger strawberry production and of expansion in Mexican processing and storage facilities.

Entries of frozen Mexican strawberries into the United States during 1962 were 32.5 million pounds; for 1963, they are expected to be between 15 and 25 percent higher. For the period January through mid-April 1963, imports came to 21.2 million pounds compared with the 17.1 million pounds during the comparable period of 1962. This represented almost a 24 percent increase, in spite of a relatively late start in the Mexican processing season caused by the early February frost.

However, the expected higher imports for the entire season are conditioned on the "normal" start of the rainy season. An early rainy season could significantly reduce the volume suitable for processing.

U.S. imports of fresh strawberries from Mexico were 966,000 pounds during the November through May period of 1961-62. For the same period of the current crop year, imports of fresh strawberries are expected to be approximately twice as large, judging by the fact that in the past 4 months of the season—November through February—they were 1,422,000 pounds as compared with 551,000 pounds in the comparable period of 1961-62.

Turkey Promotes Raisins in Japan

Japanese newspapers have reported that 50 metric tons of Turkish raisins will be donated by the Turkish Dried Fruits Export Association to various organizations in Japan in the near future.

French Open Quotas for Canned Vegetables

France has announced quota openings for the following items from the United States and Canada: Canned green beans, canned green peas, canned carrots, and canned mixed vegetables. The notice specified neither quantitative nor time limitations on imports under the quotas.

French trade sources indicate that short and delayed supplies of fresh vegetables, due to abnormal weather during recent weeks, made the opening of quotas for canned vegetables necessary. As 1963 crop vegetables begin reaching the fresh and processing markets in volume, the quotas probably will be closed.

Canada's Trade in Dairy Products

Canada's overall exports of dairy products during 1962 were down from 1961. Heavier sales of cheese, evaporated milk, and casein were offset by smaller sales of dry whole and nonfat dry milk.

Exports of cheese increased from 20 million pounds to 27 million, of which 96 percent of the cheese went to the United Kingdom.

Shipments of evaporated milk rose 1 million pounds, to 6 million. The Bahamas continued to be the principal market, again taking more than 90 percent of total exports.

Canada's casein trade has been increasing for several years. It rose from 8 million pounds in 1961 to 14 million pounds in 1962, more than 80 percent of which was sold to the United States.

Exports of dry whole milk were down for the third successive year, and in 1962 the decline was 34 percent, to 20 million pounds. Venezuela, long the main market for Canada's dry whole milk, took 98 percent of 1962 exports.

Sales of nonfat dry milk—36 million pounds—were only 67 percent of 1961. Cuba was the largest purchaser, taking 11 million pounds. Sales to Italy were only 7 million pounds, compared with 21 million in the earlier year. Other markets included the West Indies, 4 million pounds; Venezuela, 3 million; Denmark and Switzerland, 2 million pounds each.

Indian Mesta Production Down in 1962

India, which produces most of the world supply of kenaf, now estimates its 1962 crop of mesta (or kenaf) at 608.8 million pounds from 861,000 acres, compared with the partially revised estimate of 676.8 million pounds from 960,000 acres in 1961. This is a decrease of 10 percent in production and 10.3 percent in harvested area. The smaller crop is principally the result of less planted acreage during a period of lower prices in early 1962.

Nearly half of the crop is produced in West Bengal and between a third and a half of it in Andhra Pradesh, Bihar, and Maharashtra. Almost all of the producing States had decreases in both area and production in 1962.

India uses kenaf mixed with jute in domestic mills for the manufacture of bags, sacking, and other jute goods. Kenaf usually sells at a lower price than do the better grades of jute.

INDIA: FINAL ESTIMATE OF MESTA (KENAF) PRODUCTION BY STATES, 1961 AND 1962

State	1961		1962	
	Area	Production	Area	Production
	1,000 acres	*Mil. lb.*	*1,000 acres*	*Mil. lb.*
West Bengal	340	286.0	328	284.0
Bihar	200	128.4	129	78.4
Andhra Pradesh	138	110.4	134	104.4
Maharashtra	112	45.2	106	40.0
Tripura	40	40.0	34	34.0
Mysore	60	25.2	56	23.6
Orissa	29	23.2	33	26.4
Madhya Pradesh	21	6.0	21	6.4
Assam	16	10.8	17	10.0
Others	4	1.6	3	1.6
Total	960	676.8	861	608.8

"All-India Final Estimate of Mesta, 1962-63," by Ministry of Food and Agriculture, India.

Brazil's Coffee Diversification Progresses

Brazil, by the end of 1962, had eradicated 207,789,000 coffee trees under the diversification program it started in 1962. This represents 592,474 acres, which can now be used for other crops. One-half of this acreage is in the State of São Paulo and one-fourth in the State of Minas Gerais. Corn, pasture, and rice are the leading crops being substituted for the coffee removed.

The number of coffee trees in Brazil amounts to almost 4 billion. The Grupo Executivo de Racionalizacao da Cafeicultura (GERCA) plan calls for the removal of 2 billion of the older and more uneconomic trees.

Greeks Smoke More Cigarettes

Cigarette smokers in Greece purchased a record 27.9 million pounds of cigarettes in 1962, 2.9 percent larger than in 1961.

The three most popular brands in Greece are the Extra, the Popular B, and the Semi-Luxury brands. Together, they make up about 75 percent of sales, retailing for the equivalent of about 17.8, 13.3, and 22.8 U.S. cents per pack of 20, respectively.

Filter tips accounted for 5.7 percent of total sales in 1962. These are produced only in the Semi-Luxury and Luxury brands and retail for about 24.5 and 27.8 U.S. cents, respectively, per pack of 20.

Danish Cigarette Output Continues To Rise

Cigarette production in Denmark continued upward in 1962, totaling 5,550 million pieces, compared with 5,300 million in the previous year.

Output of cigars in 1962, at 122 million pieces, remained the same as in 1961, but production of cheroots and cigarillos rose rather markedly. Output of smoking tobacco (for "roll-your-own" cigarettes and pipes) also was larger than in 1961, while both chewing and snuff were down.

Sales of tobacco products to consumers show a pattern similar to that for output. In 1962, Danish consumers smoked 5,250 million cigarettes—up 3 percent from 1961. Consumption of cigarillos rose to 722 million from 694

million in the previous year. Sales of cigars were steady, but cheroots were up a little. Consumption of all other products dropped.

Filter-tipped cigarettes continue to gain in popularity, but at a slower pace than in some countries. Last year filter tips made up about 31 percent of total cigarette sales, regular size 19 percent, and king size 50 percent. Prices per pack of 20 for the 3 kinds of popular brands of domestic cigarettes are as follows, in terms of U.S. cents: Regular 65 cents, king size 68 cents, and filter tips 71 cents.

Swiss Tobacco Imports Greater

Swiss duty-paid imports of unmanufactured tobacco in 1962, at 35.5 million pounds, were 8 percent larger than the 32.9 million imported in 1961. Larger takings from the United States, Brazil, Greece, Turkey, Indonesia, the Rhodesias-Nyasaland, the Dominican Republic, and the Soviet Union were recorded last year. Of all major suppliers, Italy was the only one whose trade with Switzerland declined.

Imports of U.S. tobacco rose from 14.8 million pounds in 1961 to 16 million in 1962. The U.S. share of the Swiss market in 1962, however, was 45 percent—the same as in 1961. From Brazil, takings rose about 10 percent over those of the previous year, and from the Rhodesias-Nyasaland, 65 percent.

Leaf tobacco imports for cigarette manufacture totaled 25 million pounds in 1962, with the United States supplying 13.6 million, or 54 percent.

SWITZERLAND: DUTY-PAID IMPORTS OF UNMANUFACTURED TOBACCO, 1960-1962

Country of origin	1960	1961	1962
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	13,335	14,826	15,955
Brazil	3,452	3,468	3,810
Greece	2,942	3,369	3,388
Turkey	2,254	2,297	2,306
Italy	2,408	2,330	2,194
Indonesia	1,385	1,534	1,664
Rhodesias-Nyasaland	426	710	1,175
Dominican Republic	753	763	862
Soviet Union	424	582	719
Others	2,931	3,011	3,421
Total	30,310	32,890	35,494

Italy's Tobacco Imports, Exports Set Record

Italian imports of unmanufactured tobacco in 1962, at 74.8 million pounds, were a record—more than 4 times larger than those for 1961. The large imports last year reflect the below-normal 1961 domestic crop caused by extensive blue mold damage. Major suppliers last year included Turkey, 24.2 million pounds; the United States, 13.8 million; and Greece, 8.1 million. The Federation of Rhodesia and Nyasaland, which usually supplies no tobacco to Italy, was an important source in 1962.

Italy's tobacco exports also set a record in 1962, despite the extremely short 1961 crop and the below-normal 1962 production. At 41.6 million pounds, exports last year were 14 percent larger than the 36.6 million shipped out in 1961. West Germany, a fellow Member of the Common Market, took 24.7 million pounds of Italian leaf in 1962, and the Netherlands, also a Member, purchased 5.3 million. Exports to the United States, a traditional market for Italian tobacco, were 3.7 million pounds—double the 1961 quantity. These extremely large exports during a period of reduced domestic supplies reflect Italy's determination to maintain its export trade, even at the cost of stepped-up imports.

ITALY: IMPORTS AND EXPORTS OF UNMANUFACTURED TOBACCO, 1961 AND 1962

Country of origin or destination	Italian imports		Italian exports	
	1961	1962	1961	1962
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	6,098	13,757	1,777	3,691
Turkey	4,171	24,200	—	—
Greece	2,502	8,133	—	—
Yugoslavia	2,205	2,035	—	—
Bulgaria	1,872	1,598	—	—
Germany, West	—	—	21,729	24,729
Netherlands	—	—	3,995	5,322
Switzerland	—	—	1,949	2,604
Other	813	25,042	7,182	5,235
Total	17,661	74,765	36,632	41,581

French Factories Use More Tobacco

Use of unmanufactured tobacco in 1962 by factories of the French Tobacco Monopoly totaled a record 174 million pounds—7 million above the previous high of 167 million for 1958.

Use of U.S. leaf in 1962, at 7.4 million pounds, was slightly under 1961; it represented 4.2 percent of total French factory consumption, compared with 4.7 percent in 1961. Most of the drop was recorded in flue-cured, which totaled 2.5 million pounds in 1962, compared with 2.8 million in 1961. Use of both U.S. burley and fire-cured, at 710,000 pounds and 4,010,000 pounds, respectively, was only slightly under 1961.

Important drops occurred in factory consumption of both domestic leaf and imported leaf from Algeria, because of lower supplies available from the short crops in both France and Algeria in recent years. This drop was more than made up, however, by substantially larger use of oriental leaf from Greece and Bulgaria and of dark tobacco from Western Hemisphere countries—particularly Argentina, Brazil, Colombia, Mexico, and Paraguay.

Brazil's Edible Oil Supply Large

Brazil's supply of edible fats and oils in 1963 is estimated at 800,000 metric tons, about 6 percent larger than in 1962. The increase stems entirely from larger stocks—particularly of cottonseed oil and pork fat—on January 1, compared with a year earlier. Production is expected to approximate last year's high level.

Total imports, which normally consist mainly of olive oil, will probably decline because 2,300 tons of soybean oil were imported in 1962. No soybean oil imports are expected this year.

In view of the heavy stocks of cottonseed oil on January 1, exports are expected to soar to over 30,000 tons this year from less than 1,000 tons in 1962. This increase,

plus a smaller expansion in exports of babassu oil and exports of around 2,000 tons of soybean oil against none in 1962, may result in total oil exports of over 39,000 tons in 1963 compared with less than 5,000 last year.

Per capita consumption of edible fats and oils in 1963 is forecast at 8.56 kilograms (18.9 pounds) compared with 8.66 kilograms (19.1 pounds) in 1961. The increase in total supplies will be offset by an estimated population increase of 2.5 million.

EDIBLE FATS AND OILS: [1] BRAZIL'S SUPPLY AND DISTRIBUTION, 1961-63

Item	1961	1962	1963
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Supply:			
Opening stocks, Jan. 1:			
Vegetable oils	18.0	31.7	68.0
Animal fats	27.9	23.0	33.5
Total	45.9	54.7	101.5
Production:			
Vegetable oils	304.1	350.0	348.7
Animal fats	320.5	341.9	341.7
Total	624.6	691.9	690.4
Imports: Vegetable oils	9.3	11.7	9.5
Total supply:			
Vegetable oils	331.4	393.4	426.2
Animal fats	348.4	364.9	375.2
Total supply	679.8	758.3	801.4
Distribution:			
Exports: Vegetable oils	2.5	4.7	39.3
Domestic consumption:			
Vegetable oils	297.2	320.2	333.1
Animal fats	325.4	331.9	330.7
Total	622.6	652.1	663.8
Ending stocks, Dec. 31:			
Vegetable oils	31.7	68.0	53.8
Animal fats	23.0	33.5	44.5
Total	54.7	101.5	98.3
Total distribution:			
Vegetable oils	331.4	392.9	426.2
Animal fats	348.4	365.4	375.2
Total distribution	679.8	758.3	801.4
	Kg.	*Kg.*	*Kg.*
Per capita consumption	8.51	8.66	8.56

[1] Consisting principally of peanut, cottonseed, soybean, corn, olive, and babassu oils and of margarine, lard, pork fat, butter, and beef fat.

Compiled from official and other sources.

Indonesia's Exports of Copra, Palm Kernels

Registered exports of copra and palm kernels from Indonesia rose during November 1962, while exports of palm oil declined.

Indonesia's registered exports of copra, at 44,844 long tons, were up sharply from October shipments of 901 tons and also well above the 13,072 tons exported in November 1961. Exports during January-November 1962 totaled 106,963 tons, nearly 45 percent below the 188,597-ton volume exported during January-November 1961.

Palm kernel exports increased to 3,420 short tons in November from 2,211 tons the month before; exports in November 1961 had been 4,428 tons. Exports during January-November 1962 reached 30,568 tons compared with 32,936 tons shipped during the corresponding period of 1961.

Registered exports of palm oil in November, at 8,385 short tons, were considerably less than both the 15,964 tons shipped in October 1962 and the 19,757 tons shipped in November 1961. Exports during January-November 1962 amounted to 95,047 tons as compared with 120,979 tons during the corresponding period of 1961.

Chile's Fish Meal and Oil Exports Up

Chile's fishing industry, particularly the part concerned with the production of fish oil and meal, has continued to grow rapidly over the past 3 years under the stimulus of both foreign and domestic investment capital. Rising exports of both meal and oil clearly demonstrate this change in the Chilean fish reduction industry.

Shipments of fish oil, predominantly anchovy oil and all to Western European destinations, increased from 65 short tons in 1959 to 12,025 in 1962. Shipments of fish meal (principally from the anchovy, sardine, and hake) rose from 19,062 to 79,553 tons over the same period. This increase placed Chile among the world's major suppliers of fish meal, along with Norway and Iceland. The bulk of the increase in fish-meal shipments was absorbed by West Europe, although the United States and Venezuela, as in prior years, took appreciable quantities.

CHILE: EXPORTS OF FISH MEAL AND OIL, ANNUAL 1959-62

Country of destination	1959	1960	1961 [1]	1962 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*
Fish oil:				
Belgium	—	—	—	275
Denmark	—	661	62	—
Germany, West	—	2,151	4,349	2,487
Italy	56	—	—	—
Netherlands	—	165	185	8,857
Norway	—	1,116	472	406
United Kingdom	—	2,490	—	—
Other	9	2	—	—
Total	65	6,585	5,068	12,025
Fish meal:				
Belgium	541	1,028	2,094	11,550
France	—	1,311	2,412	4,437
Germany, West	4,902	1,630	3,642	11,234
Netherlands	4,441	3,462	17,218	16,941
Spain	—	1,617	—	4,409
United Kingdom	114	65	586	6,585
United States	7,160	20,971	13,771	12,975
Venezuela	1,120	—	4,793	6,572
Other	784	951	780	[2] 4,850
Total	19,062	31,035	45,296	79,553

[1] Preliminary. [2] Of which Poland 2,756.

Chile Expects More Sunflowerseed, Rapeseed

Latest estimates and revisions by the Chilean Ministry of Agriculture on sunflowerseed and rapeseed acreage and production for 1960-61 through 1962-63 are as follows:

	Harvested area	Production
	Acres	*Short tons*
Sunflowerseed:		
1960-61	76,600	36,600
1961-62	74,400	35,300
1962-63 [1]	68,200	30,900
Rapeseed:		
1960-61	87,500	41,000
1961-62	31,100	31,500
1962-63 [1]	92,200	52,900

[1] Preliminary.

The revised 1962-63 production estimates for both sun-

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flowerseed and rapeseed are significantly larger than the previous estimates of 27,600 tons and 38,500 tons, respectively (*Foreign Agriculture*, April 15, 1963).

Vegetable oil production in 1963 is expected to increase about in line with oilseed production and may reach 35,000 tons, up by more than one-third from last year. This increase may be reflected in decreased imports.

Oilseed meal production for 1963 is also expected to show an increase, and exports may reach 16,500 tons.

Uruguay Reduces Taxes On Sunflowerseed

The Uruguayan Government by a decree of April 4, 1963, reduced taxes on exports of sunflowerseed and products and cancelled the decree of December 20, 1962, which prohibited exports of sunflowerseed expellers, cakes and meals. Reductions range from 9 percent for seed to 69 percent for expellers.

The new tax rates per metric ton, compared with those previously in force, are as follows:

Products	Decrees of Feb. 2, 1961		Decrees of Apr. 4, 1963		Decrease
	Pesos	*U.S. dol.*	*Pesos*	*U.S. dol.*	*Percent*
Sunflowerseed	43	3.92	39	3.55	— 9
Sunflowerseed oil	142	12.93	117	10.66	—18
Sunflowerseed meal	95	8.65	33	3.01	—65
Sunflowerseed expellers	116	10.56	36	3.28	—69

These drastic reductions were designed primarily to increase exports of these products and at the same time to assure farmers of a market at good prices for the crop now being harvested.

Ireland Alters Soybean-Meal Import Rules

For the past 2 years, shipments of raw (that is, untoasted) soybean oil meal into Ireland have created problems when used in feeds for pigs and young calves; the animals are unable to assimilate the raw meal. After thorough investigation, Irish authorities have now issued instructions that no raw or partly cooked soybean oil meal is to be imported for use in livestock feed.

This ruling should lead to renewed confidence in this commodity as a protein supplement for livestock feeding when appropriately processed, and thus to its increasing use for this purpose. Ireland is already becoming an important market for soybean oil meal; its imports in 1962, at 25,902 short tons, registered a significant gain over the 20,866 tons of 1961. The U.S. share of this market reflected an even more notable increase, from 15 percent of the 1961 total to 37 percent of the much larger tonnage that Ireland imported in 1962.

Jamaican Copra Production Virtually Unchanged

Jamaica's production of copra in 1962 amounted to 15,325 long tons compared with 15,439 in 1961. Exports totaled 4,566 tons in 1962 against none in 1961.

Uruguay Cuts Flaxseed-Product Taxes

On April 4 the Uruguayan Government issued a decree reducing export taxes on flaxseed by 14 percent, on linseed expellers by 23 percent, and on linseed meal by 25 percent. The tax on linseed oil remained unchanged. Reductions from the levels established in January 1963 (*Foreign Agriculture*, February 25) were for the purpose of providing a more reasonable balance, in view of changed international prices, between the interests of oil manufacturers and farmer producers.

The new taxes are as follows per metric ton:

	Uruguayan pesos	*U.S. dollar equivalent*
Flaxseed	218	19.85
Linseed oil	105	9.56
Expellers	36	3.28
Flaxseed meal	33	3.01

The changes made in January 1963 from the taxes established in November 1961 favored exports of linseed oil over exports of flaxseed. From mid-January to early April these changes made little difference in the actual quantities of oil exported, compared with exports in the same months of 1962. In view of this, and with larger quantities of flaxseed on hand from the 1963 harvest, taxes (except for those on linseed oil) were changed back to approximately the November 1961 level.